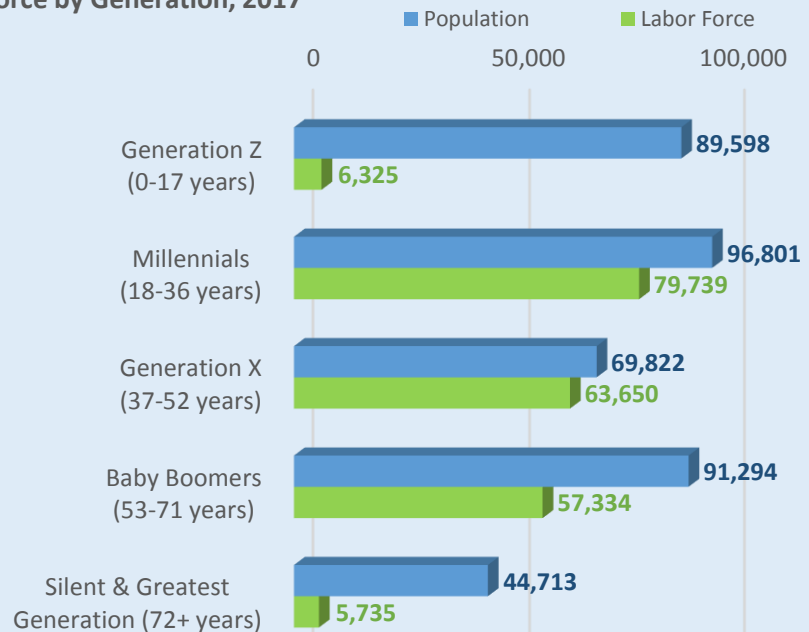


Generations in Southwest Minnesota

There are now six generations living together in Southwest Minnesota. With a total of 392,228 people, the region's population has been aging and declining in number over time. However, Millennials now comprise the largest generation in the region, with nearly 97,000 people, followed by Baby Boomers, with just over 91,000 people, and Generation Z, with almost 90,000 youngsters. The region has a small representation from Generation X with about 70,000 people, while the two oldest generations – Silent and Greatest – have the smallest population at about 45,000 people (see Figure 1).

Likewise, there are now also at least five generations at work in Southwest Minnesota, ranging from teenagers in Generation Z to senior citizens from the Silent and Greatest Generations. According to recent estimates from the U.S. Census Bureau's American Community Survey, Millennials make up the largest cohort in the labor force with about 80,000 workers, followed by Generation X with 63,650 workers. As the front end of the Baby Boom generation has started reaching retirement age, the number of Baby Boomers has dropped to just over 57,000 workers, and there are still about 5,735 workers age 72 and older in Southwest Minnesota. Generation Z is just entering the workforce, but already provides about 6,325 workers.

Figure 1. Southwest Minnesota Population and Labor Force by Generation, 2017



Source: calculated from U.S. Census Bureau & American Community Survey data

According to population projections from the Minnesota State Demographic Center, Southwest Minnesota is expected to lose about 5,000 residents through 2030, with much of the change due to an aging population. If Southwest Minnesota changes at the projected rates, applying current labor force participation rates by age group to future population projections by age group means the region will see a nearly 4 percent decrease in the labor force over the next decade (see Table 1).

Aside from an overall decrease, the age structure of the labor force is also projected to shift over time, with gains in the number of workers age 65 and over against large declines in the number of entry-level workers and experienced workers age 55 to 64. However, the region is still expected to see gains in the number of workers in their prime working years, from 25 to 54 years. In step with workforce declines, the shifting age structure will lead to an even tighter labor market in the future with employers needing to respond to changing labor force availability.

Table 1. Southwest Minnesota Labor Force Projections, 2020-2030

	2020 Labor Force Projection	2030 Labor Force Projection	2020-2030 Change	
			Numeric	Percent
16 to 19 years	12,101	10,634	-1,467	-12.1%
20 to 24 years	27,614	26,655	-960	-3.5%
25 to 44 years	79,363	81,355	+1,992	+2.5%
45 to 54 years	35,870	36,352	+482	+1.3%
55 to 64 years	40,887	30,030	-10,857	-26.6%
65 to 74 years	14,207	15,973	+1,766	+12.4%
75 years & over	2,470	3,384	+915	+37.0%
Total Labor Force	212,512	204,382	-8,130	-3.8%

Source: calculated from Minnesota State Demographic Center population projections and 2013-2017 American Community Survey 5-Year Estimates.

In the past, Southwest Minnesota's labor pool deepened with a steady stream of new workers. This was due to several factors including population growth and in-migration, high and rising labor force participation rates for females, and a stable flow of high school seniors graduating into the workforce. All of these are important sources of labor force growth, but the latter is the focus of this report.

The region's labor force has always had far more 12th graders than people turning 65, contributing to the region's slow and solid gain of nearly 25,000 net new workers from 1990 to 2018, a 12.6 percent growth rate. For example, about a decade ago there were approximately 3,500 people age 65 in the region compared to about 5,450 12th graders, meaning there were nearly 2,000 more people ready to enter the labor force than there were potentially ready to leave it.

Table 2 shows that more recently in 2017, there were 4,975 12th graders compared to 3,929 67 year olds (the full retirement age for people born in 1960 or later¹), a gap of about 1,000 more students than prospective retirees.

Table 2. Southwest Minnesota Population by Age & Student Enrollment by Grade Counts, 2017				Number of Students Compared to Adults
Grade	Number	Age	Number	
Kindergarten	5,171	55 years	6,026	-855
1 st grade	5,050	56 years	5,823	-773
2 nd grade	4,996	57 years	5,617	-621
3 rd grade	5,125	58 years	5,601	-476
4 th grade	5,325	59 years	5,179	+146
5 th grade	5,302	60 years	5,378	-76
6 th grade	5,211	61 years	5,104	+107
7 th grade	4,995	62 years	5,388	-393
8 th grade	5,021	63 years	5,188	-167
9 th grade	4,892	64 years	4,225	+667
10 th grade	4,972	65 years	4,304	+668
11 th grade	4,876	66 years	4,264	+612
12 th grade	4,975	67 years	3,929	+1,046
All Grades	65,911	55-67 years	66,026	-115

Source: Minnesota Dept. of Education, U.S. Census Bureau

While this means there were still more people potentially ready to join the labor market than leave it, the gap was clearly narrowing. Fast forward to the other end of Table 2, and the significance of the shifting demographic wave becomes obvious. The tipping point occurs with the 2017-2018 8th grade class – they are slightly outnumbered by 63 year olds, and the imbalance between students and adults grows in younger grade levels. Both the 1st and 2nd grades have deficits of around 700 people compared to the 56 and 57 year old age cohorts, which both number over 5,600 people in 2017.

According to the Minnesota Department of Education's student enrollment data, there were 5,171 kindergarten students in Southwest Minnesota in 2017-2018, compared to 6,026 55 year olds according to the Census Bureau. A lot can change for both of those populations over the course of 12 years, but if nothing does, that would leave a deficit of 855 more people reaching retirement age than graduating from high school in the year 2030.

Together, both of these groups of "seniors" will have a huge impact on Southwest Minnesota's economy over the decade, leading to slowing labor force growth and changing needs for both employers and employees.



For more information about the generations in Southwest Minnesota, contact:

DEED Regional Analysis & Outreach Unit

Luke Greiner

Central & Southwest Regional Analyst

CareerForce St. Cloud

Office: 320-308-5378

Email: luke.greiner@state.mn.us

Website: <https://mn.gov/deed/data/regional-lmi/southwest-lmi.jsp>

Mark Schultz

Southeast & South Central Regional Analyst

CareerForce Winona

Office: 507-205-6068

Email: mark.schultz@state.mn.us

¹ Social Security Administration Benefits Planner: Retirement. Retrieved from <https://www.ssa.gov/planners/retire/1960.html>